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## India-Central Asia Relations amid Rising Chinese Influence



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### Introduction

India and Central Asia have a long history of engagement. India's ties with the region predate ancient regimes with the confluence of culture, history and people of both regions. The engagements date back to the Kushan and Mughal Empires which ruled over territories in Central Asia, facilitating cultural and economic exchanges. The presence of the Silk Road connecting China to Europe helped Indian merchants to find new markets in other regions. The growth of trade and commerce between these regions helped proliferate religious values in both the regions.

The five central Asian republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—became independent from the Soviet Union in 1991. Prime Minister PV Narsimha Rao visited Uzbekistan and Kazakhstan in 1993, followed by Turkmenistan

### Key Points

- Because of its strategic location and energy resources, the CAR has attracted the attention of regional and global players. India has only recently arrived in the region and is trying to establish itself.
- India's geostrategic reconsideration became more urgent as a result of Chinese and American advances into the area.
- China's attempt to make inroads into the region appears to be very successful, as the BRI project promises vast economic growth and connectivity to the region.
- China has created a significant profile for themselves through trade, energy deals, military agreements and multilaterally through regional organisations like the SCO.
- Due to the fact that Central Asian Republics are landlocked, India's overall trade with the region has suffered. Therefore, India has been attempting to promote the use of Chabahar port as its gateway to Central Asia.
- India's connect to Central Asia needs to be a comprehensive one that emphasises cooperation in all areas, including politics, culture, defence, information technology, and education rather than just limiting itself to oil and natural resources.



and Kyrgyzstan in 1995, ushering in a new phase of India's engagement with the region.<sup>1</sup> India's relations with Central Asia throughout the century before 1991 were primarily mediated by Russia, which had absorbed the majority of the region within its tsarist, and later Soviet, empire.<sup>2</sup>

Since India's independence in 1947, the foreign policy of the country was largely driven by an idealistic outlook, proposed non-alignment strategy, solidarity towards Afro-Asian nations, and strategic autonomy over alignment. By and large India restricted itself to its immediate neighbourhood and look at the US and Soviet Union without deep commitments. This policy affected India's relations with the Central Asian region, which was then of low priority for India. However, after the dissolution of the Soviet Union, India was the only country to have a consulate in Tashkent, thus ensuring linkages that remained even when the world was too reluctant to engage.

### **Region's Strategic Importance and Potential**

There is a convergence of security and economic interests between India and Central Asia. Both regions are interested in combating extremism and terrorism as well as reducing the illicit drug trade. The Central Asian Republics (CAR) are keen on expanding their relationships beyond those with China and Russia and regard India as a potential partner for their energy exports and developmental requirements.

India's geostrategic reconsideration became more urgent as a result of Chinese and American advances into the area. Both were driven by the prospect of energy resources as well as concerns about terrorism and religious extremism.<sup>3</sup> China and the US continue to have a strong presence in CAR, as does Russia because of historical ties.

CAR is strategically located and can connect India to Europe. The prospects for growth in economic ties, trade and commerce could help play a major role in enhancing security and strategic cooperation between India and CAR. This spill-over in the security domain facilitates joint research on military defence issues, coordination of counter-terrorism measures and laying special focus on Afghanistan, whose stability is essential to foster good economic relations and security in the region.

Overall, India's trade with Central Asia is around two billion dollars.<sup>4</sup> The region is landlocked, hence there is no direct sea route connecting India and the region; India has been attempting to promote the use of Chabahar port as the gateway to Central Asia and our push for its inclusion in the International North-South Transport Corridor is to facilitate the transport of goods to Central Asia via Iran. Chabahar could reduce dependence of CAR



on China and Russia. The alternate ocean route between India and Iran thus becomes the key.

The region has abundant hydrocarbon resources, large amounts of mineral deposits and extensive hydel power potential. Kazakhstan holds 12 percent of the world's uranium deposits and the world's largest offshore oil field, Kashagan.<sup>5</sup> Turkmenistan has the fifth largest gas reserves in the world. Tajikistan has hydel potential reserves of 527 billion kWh per year (the eighth in the world), and 4% of the worldwide hydro power potential.<sup>6</sup> The region offers an alternative to India to fulfil its energy demand.

### **China's Influence**

Post-cold war geopolitical and geo-economic factors have changed the importance of the region. Great powers and rising challengers both have primary interest in securing energy supplies from the region, while looking to use the heartland to serve their ambitions and change the international system. China's attempt to make inroads into the region appears to be very successful, as the BRI project promises vast economic growth and connectivity to the region. China has increased its influence in the region through trade, energy agreements, the construction of transportation infrastructure, and the gradual expansion of the SCO's purview to cover both security and economy.<sup>7</sup>

Chinese leaders view Central Asia as a crucial frontier for their country's energy security, trade expansion, ethnic stability, and military defence. The People's Liberation Army's General Liu Yazhou described Central Asia as "the thickest slice of cake given to the modern Chinese by the heavens".<sup>8</sup> Beijing sees US's presence in the region as part of its design to constrain China.

China currently has the largest economic presence in Central Asia, as a result of its massive BRI project. According to official figures, China's trade with Central Asian nations reached \$70.2 billion in 2022<sup>9</sup>, up from \$527 million in 1992.<sup>10</sup> Presently, China is now the destination for about 22 percent of all Central Asian exports, and the source of 37 percent of their imports.<sup>11</sup> China is the largest source of foreign direct investment for Central Asian Republics as it contributes advanced technologies and sizable capital.<sup>12</sup> The countries of Central Asia are in an asymmetrically dependent trade relationship with China.

China is a major arms exporter to the region. It is also conducting military exercises with several Countries of the region.<sup>13</sup> The Aviation Industry Corporation of China's Wing Loong-1 military drones can be found in the arsenals of both Uzbekistan and Kazakhstan (AVIC).<sup>14</sup> While Turkmenistan has a mobile radar, QW-2 third-generation man-portable air defence



systems, and surface missiles from China, Tajikistan is the owner of Chinese armoured carriers and patrol vehicles.

China has emerged as an important player for influence and profit in the region due to its proximity to CAR and the Caspian Sea region. It has been fiercely expanding in the region and has gained significant ground. Its cooperation seems to be a calculated step to offset the US in the region. While Beijing's interest in the region's energy resources has grown, it also has other, equally important interests in the area that cover its notions of peripheral security, establishing stronger strategic ties and preventing rise of separatism in Xinjiang. China's interests in Central Asia, at the moment, are clearly economic in nature, with a focus on maintaining a stable supply-demand balance based on reasonable and appropriate oil and gas pricing and fostering more economic cooperation. China has grown significantly as a bilateral supplier of military hardware to Central Asia as well as a donor of such material.

### **India's Relations with the Region**

Considering the importance of the region, India has also articulated Connect Central Asia Policy in 2012. But the real impetus to developing closer political, economic and strategic ties came in 2015 when Prime Minister Modi became the first Indian head of government to visit all five nations.<sup>15</sup> Connect Central Asia is a wide ranging, all-encompassing policy framework envisaging political, security, economic and cultural connections with the region.<sup>16</sup> The goal of the policy is to connect Central Asia with India, which was earlier fraught due to India's bad relations with Pakistan and instability in Afghanistan. The policy offers huge potential for trade, investment and growth of both India and CAR. Moreover, India sufficiently satiates its needs for nuclear raw materials like Uranium from countries like Turkmenistan, Uzbekistan, and Tajikistan.

India and Central Asia have converging economic and security interests. Both regions are concerned about combating radicalism and terrorism as well as the illicit drug trade. India is seen by the CAR as a potential partner for their economic requirements and energy exports as they seek to broaden their relations beyond those with China and Russia.

The region of Central Asia is now considered to be part of India's extended neighbourhood. India's full membership in the Shanghai Cooperation Organisation (SCO) in 2017 also created new prospects for a stronger relationship with the area. The grouping enables India to have security ties with the SCO members. India currently conducts regular bilateral military and counterterrorism exercises with the majority of the Central Asian countries and is building a mountain training facility in Kyrgyzstan.<sup>17</sup> India will take on the SCO presidency in April 2023, which it can leverage to put impetus on interregional connectivity. Indian can take advantage of this opportunity to reaffirm its commitment as a reliable partner to Central Asia.



India has been working with Tajikistan on the economic front for almost 20 years and at the Ayni air base, which gives India a strategic advantage. It has helped Kazakhstan send its first-ever peacekeeping contingent, which was co-deployed with the Indian battalion in the United Nations Interim Force in Lebanon (UNIFIL).

Notwithstanding the limitations of regional connectivity, India is involved in investing its resources in IT and education sectors. India's specialisation in IT sectors coupled with cheap services offers a talented working pool of professionals, which has resulted in setting up of Central Asian e-network linking all five Central Asian states with India, providing excellent tele-education and telemedicine connectivity.

More importantly, 'people to people' contact has the potential to re-shape the region, which can transverse the limitations witnessed in geography. India uses its soft capital in dealing with the region through Bollywood music, movies and cultural ties. Further, many students from Central Asia study in India. However, education exchange has occurred in both directions, with hundreds of Indian students travelling to Central Asia to study medicine.<sup>18</sup>

India has developed a framework called the India Central Asia Dialogue to connect with the region as a whole. At Samarkand in January 2019, this mechanism's inaugural meeting was held. India hosted the first India-CAR NSAs meet in December 2022 for better coordination in the area of security.

### **Gaps and Way Ahead**

Due to the fact that Central Asian republics are landlocked, India's overall trade with the region has suffered. Therefore, India has been attempting to promote the use of Chabahar port as its gateway to Central Asia. It has also been pushing for inclusion in the International North-South Transport Corridor (INSTC) to facilitate the transport of goods between India and the region.

The alternate India-Pakistan-Afghanistan-Uzbekistan corridor faces the challenges of continuing troubled relationship between India and Pakistan and the acrimonious relation between Afghanistan and Pakistan. Terror networks in Pakistan pose a serious challenge to the progress of the corridors, while it is promoting Gwadar as a means of connectivity for CAR.

India chose to join Tajikistan-Afghanistan-Pakistan-India, known as TAPI over Iran-Pakistan-India, also known as IPI, in order to avoid coming under the purview of sanctions imposed on Iran by the US. TAPI is supported by the Asian Development Bank and the US under its 'new Silk Road Strategy'. Until projects like the TAPI gas pipeline become reality and bring India and Pakistan together, India will have to depend on the alternate sea-cum transport



route connecting India and Uzbekistan through Iran and Afghanistan. However, the \$10 billion project has not moved forward since it was first conceived about three decades ago, primarily because of tensions between India and Pakistan, but the altered situation in Afghanistan has further harmed prospects of advancement.<sup>19</sup> While Taliban has stated that TAPI assumes priority to them but it is yet to make any headway given the domestic economic challenges Afghanistan is facing. Also, India will only purchase TAPI gas if the landed price is less than the cost of liquefied natural gas in India.

Another impediment is that India lacks a competitive advantage in the commodities or goods that central Asia requires. Therefore, there is a need to understand the demand. India is making efforts to offer Central Asian states as a viable consumer for their resources with the larger geopolitical interest of diluting China's increasing influence in the region.

It is important for India to develop a mechanism which Pakistan, Afghanistan, and the CAR also view as beneficial. Iran enjoys friendly ties with both China and India. A trilateral deal between Iran, India, and China for the transportation of gas and oil from Iran and the CAR will benefit all parties.<sup>20</sup> China gains from transit rights, while Iran and the CAR countries benefit from exports. Due to the tensions on the LAC, this possibility may seem remote in the short term, but India can reposition one or two uncontested border areas with China as transit centres for energy and commerce in the long term.

While energy security remains the main motive of India's engagement with Central Asia, both would gain from a relationship supported by initiatives across multiple domains. Through its C5+1 multilateral framework, the United States often interacts with the Central Asian nations. On the similar lines Japan has "Central Asia plus Japan" dialogue. Developing a similar multilateral format would offer India a stronger starting point for future interactions with its Central Asian countries.<sup>21</sup>

In 2020, India's External Affairs Minister had stated that we would like to look into establishing "air corridors" between India and five Central Asian countries, in addition to expanding trade through the Iranian port of Chabahar. The air corridors would increase the volume of trade by expediting movement of goods.

## **Conclusion**

Because of its strategic location and energy resources, the CAR has attracted the attention of regional and global players. India has only recently arrived in the region and is trying to establish itself. While India has historical links with the CAR, today the relations are dictated by the needs and aspirations of both. There is a convergence of security and economic interests between the two. Apart from India, the CAR also holds immense significance to the





People's Republic of China. The Chinese have created a significant profile for themselves through trade, energy deals, military agreements and multilaterally through regional organisations like the SCO. China aspires to have a more significant and ambitious presence in Central Asia, depicting itself as a source of stability. However, despite the hurdles of regional connectivity, India is also making its presence known in the region. India's connect to Central Asia needs to be a comprehensive one that emphasises cooperation in all areas, including politics, culture, and defence, information technology and education rather than just limiting itself to oil and natural resources.

## End Notes

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